

# **WATERBERG DISTRICT MUNICIPALITY**

## **PRE-AUDITED ANNUAL FINANCIAL STATEMENTS 2012/2013**



**Waterberg**  
District Municipality

*on the Go for Growth*

# **WATERBERG DISTRICT MUNICIPALITY**

## **PRE- AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

I am responsible for the preparation of these annual financial statements which are set out on pages 1 to 56, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act, the Minister of Provincial and Local Government's determination in accordance with this Act and Government Notice 1032 of Government Gazette no 35962 dated 7 December 2012.

I have complied with the disclosure requirements in terms of section 122 to 126 of the Municipal Finance Management Act, No 56 of 2003.



**MV LETSOALO**

**MUNICIPAL MANAGER**

30 August 2013

**DATE**

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## **WATERBERG DISTRICT MUNICIPALITY**

### **GENERAL INFORMATION**

#### **Members of the Council**

N.R. Mogotlane  
M.A.D. Monama  
N.S. Murumudi  
S. Lamola  
K.J. Baloyi  
M.M.A. Mogotsi  
B.S. Mhlanga  
R.Z. Moeletsi  
M.L. Moremi  
S.M. Molekwa

Mayor  
Speaker  
Chief Whip  
Member of the Mayoral Committee  
Member of the Mayoral Committee  
Member of the Mayoral Committee  
Member of the Mayoral Committee  
Member of the Mayoral Committee  
Member of the Mayoral Committee  
Member of the Mayoral Committee

#### **Municipal Manager**

M.V. Letsoalo

#### **Chief Financial Officer**

N. Laubscher

#### **Grading of the District Municipality**

Grade 3

#### **Auditors**

Auditor - General

#### **Bankers**

First National Bank

#### **Physical Address**

Harry Gwala Street  
Modimolle  
0510

#### **Postal Address**

Private Bag X1018  
Modimolle  
0510

#### **Telephone Number**

(014) 718 3300

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# WATERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

	Note	2013 R	Restated 2012 R
<b>ASSETS</b>			
<b>Current assets</b>		<b>109 918 822</b>	<b>124 877 858</b>
Cash and cash equivalents	1	83 984 800	97 739 482
Trade and other receivables from exchange transactions	2	4 733	10 970
Other receivables from non-exchange transactions	3	3 595 167	1 943 442
Inventory	4	113 505	99 994
Held-to-maturity investments	5	20 145 748	20 268 830
VAT receivable	6	1 650 480	4 723 043
Non-current assets held for sale	7	118 409	74 097
<b>Non-current assets</b>		<b>58 541 485</b>	<b>80 142 771</b>
Non-current receivables	8	34 775	34 775
Property, plant and equipment	9	56 092 991	57 492 315
Intangible assets	10	2 413 719	2 615 681
<b>Total assets</b>		<b>168 460 307</b>	<b>185 020 629</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>11 532 155</b>	<b>10 874 219</b>
Trade- and other payables	11	8 183 514	8 487 375
Consumer deposits	12	600	1 550
Provisions	13	325 595	280 672
Unspent conditional grants and receipts	14	1 396 080	870 258
Current portion of retirement health care liability	15	1 402 166	1 223 481
Current portion of long service awards liability	16	222 200	210 885
<b>Non-current liabilities</b>		<b>13 838 419</b>	<b>12 851 777</b>
Retirement health care liability	15	12 391 504	11 605 729
Long service awards liability	16	1 446 915	1 243 048
<b>Total liabilities</b>		<b>25 370 574</b>	<b>23 725 996</b>
<b>Net assets</b>		<b>143 089 733</b>	<b>161 294 633</b>
<b>NET ASSETS</b>			
<b>Retained surplus and other reserves</b>		<b>143 089 733</b>	<b>161 294 633</b>
Accumulated surplus and other reserves	29	143 089 733	161 294 633
<b>Total net assets</b>		<b>143 089 733</b>	<b>161 294 633</b>

# WATERBERG DISTRICT MUNICIPALITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 R	Restated 2012 R
<b>REVENUE</b>			
Service charges	17	716 952	652 212
Interest earned - external investments	18	6 175 945	7 401 552
Interest earned - outstanding receivables	19	112 122	36 651
Government and other grants	20	93 442 364	99 297 570
Public contributions and donations	21	-	263 859
Gain on disposal of assets	22	22 540	10 607
Reversal of impairment loss on assets	23	-	58 167
		73 027	-
Other income		1 115 026	204 750
<b>Total Revenue</b>		<b>101 661 976</b>	<b>107 925 368</b>
<b>EXPENDITURE</b>			
Employee related costs	24	(49 139 594)	(43 361 405)
Remuneration of councillors	25	(5 472 702)	(4 978 982)
Post-retirement health care expenditure	15	(1 419 505)	(965 374)
Long-service award expenditure	16	( 311 585)	( 451 731)
Provision for doubtful debt		-	( 35 434)
Depreciation and amortisation	26	(7 364 051)	(5 180 694)
Impairment of assets	23	(1 757 273)	( 142 748)
Repairs and maintenance		( 859 079)	( 778 996)
Contracted services	27	(12 759 915)	(11 987 004)
General expenses	28	(16 040 441)	(14 178 888)
Project expenditure		(24 213 319)	(26 255 458)
Loss on disposal of Assets	22	( 527 892)	( 6 845)
<b>Total Expenditure</b>		<b>(119 868 876)</b>	<b>(108 315 559)</b>
<b>LOSS FOR THE YEAR</b>		<b>(18 204 900)</b>	<b>( 390 191)</b>

Refer to Appendix E(1) for the comparison with the approved budget

# WATERBERG DISTRICT MUNICIPALITY

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Revaluation Reserve	Government Grant	Donations and Public Reserve	Accumulated Surplus	Accumulated Surplus and Other Reserves	Total
	Note	R	R	R	R	R
<b>Restated 2012</b>						
Balance at 1 July 2011	-	735 844	1 393 219	159 555 961	161 584 824	161 584 824
Net surplus for the year		-	-	(390 191)	(390 191)	(390 191)
Capital grants used to obtain PPE		-	263 859	(263 859)	-	-
Donated/contributed PPE		(2 014)	(32 553)	34 567	-	-
Disposal of assets		(130 465)	(208 671)	337 136	-	-
Offsetting of Depreciation		-	44 800	(44 800)	-	-
Reversal of impairment on donated asset		-	-	-	-	-
<b>Balance at 30 June 2012</b>	-	<b>603 165</b>	<b>1 462 654</b>	<b>159 228 814</b>	<b>161 294 633</b>	<b>161 294 633</b>
<b>2013</b>						
Balance as at 1 July 2012	-	603 165	1 462 654	159 228 814	161 294 633	161 294 633
Net surplus for the year		-	-	(18 204 900)	(18 204 900)	(18 204 900)
Capital grants used to obtain PPE		(2)	(710)	712	-	-
Donated/contributed PPE		(129 322)	(204 132)	333 454	-	-
Disposal of assets		-	(93 708)	63 709	-	-
Offsetting of Depreciation		-	-	-	-	-
Impairment on donated asset		-	-	-	-	-
<b>Balance at 30 June 2013</b>	-	<b>473 841</b>	<b>1 164 103</b>	<b>141 451 769</b>	<b>143 089 733</b>	<b>143 089 733</b>

Note 29



# WATERBERG DISTRICT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	Restated 2012 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash receipts:</b>			
Sales of goods and services		820 084	703 963
Grants		94 170 188	96 677 179
Interest received		6 269 087	7 438 203
Other receipts		1 090 209	129 190
<b>Payments:</b>			
Employee costs		(54 332 297)	(48 240 640)
Suppliers		(14 010 757)	(12 205 071)
Project expenditure		(24 853 067)	(25 420 476)
Fire fighting expenditure		(13 724 375)	(10 830 327)
Vat		3 072 554	(1 660 328)
Other payments		(4 380 455)	(3 771 327)
<b>Net cash flows from operating activities</b>	30	<b>(5 836 919)</b>	<b>2 820 368</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(8 338 550)	(10 538 185)
Purchase of intangible assets		( 11 550)	(1 236 988)
Proceeds on sale of property, plant and equipment		279 788	17 216
Proceeds from recovery of investments		13 387	-
Decrease/(increase) in held-to-maturity investments		138 082	(2 201 643)
(increase) / Decrease in long term receivables		-	( 32 750)
<b>Net cash flows from investing activities</b>		<b>(7 918 863)</b>	<b>(13 982 546)</b>
<b>Net increase in net cash and cash equivalents</b>		<b>(13 754 682)</b>	<b>(11 172 178)</b>
<b>Net cash and cash equivalents at beginning of year</b>		<b>(97 739 482)</b>	<b>(108 911 660)</b>
<b>Net cash and cash equivalents at end of year</b>	31	<b>83 984 800</b>	<b>97 739 482</b>

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE 2013**

**1. BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, but some components are measured at fair value as indicated in subsequent accounting policy notes.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of:

- *Government Notice 991 of 2005, issued in Government Gazette no. 28095 of 15 December 2005;*
- *Government Notice 992 of 2005, issued in Government Gazette no. 28095 of 15 December 2005; and*
- *Government Notice 516 of 2008, issued in Government Gazette no. 31021 of 9 May 2008.*
- *Government Notice 80 of 2011, issued in Government Gazette no. 33991 of 2 February 2011.*
- *Government Notice 314 of 2012, issued in Government Gazette no. 35258 of 20 April 2012.*

The effective standards comprise of the following:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from non-exchange transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture (replaced by GRAP 27)
GRAP 102	Intangible Assets (replaced by GRAP 31)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE 2013**

**1. BASIS OF ACCOUNTING** *(continued)*

**1.1 BASIS OF PRESENTATION** *(continued)*

Directives and Guidelines form part of the GRAP Reporting Framework. The ASB Directives and Guidelines applicable to Waterberg District Municipality comprise the following:

Directive 5	Determining the GRAP Reporting Framework	]
Directive 7	The Application of Deemed Cost on the Adoption of the Standards of GRAP	

Effective accrual based IPSASs considering the provisions in paragraphs 16 to 19 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IPSAS 20	Related Party Disclosures
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Effective IFRSs that are applied considering the provisions in paragraphs 21 to 27 of Directive 5 applicable to Waterberg District Municipality comprise the following:

IAS 19	Employee Benefits	]

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with section 29 of ASB Directive 5 and paragraph 12 of GRAP 3.

The principal accounting policies adopted in the preparation of these annual financial statements are:

The accounting policies applied are consistent with those used in the previous financial year unless explicitly stated.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective, but may be considered for early adoption or formulating an accounting policy:

These standards are effective for financial years commencing on or after 1 April 2013 as published in *Government Notice 314 of 2012* issued in *Government Gazette no. 35258 of 20 April 2012*.

GRAP 25	Employee Benefits
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Effective dates for the following standards have not yet been determined:

GRAP 20	Related party disclosures
GRAP 105	Transfer of functions between entities under common control
GRAP 106	Transfer of functions between entities not under common control
GRAP 107	Mergers
GRAP 18	Segment Reporting

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE 2013**

**1. BASIS OF ACCOUNTING** *(continued)*

**1.2 STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE** *(continued)*

The impact of GRAP standards issued but not yet effective on the financial statements of Waterberg District Municipality in the future are as follows:

**GRAP 18** This does not deal with the accounting treatment of any particular transaction of events but merely with the re-arrangement of information already presented and disclosed. The impact on the municipality's financial statements would be minimal.

**GRAP 20 –** Related parties are currently disclosed in terms of IPSAS20, but records of all potential new related parties are also kept for implementation of GRAP20. The impact on the municipality's financial statements would be minimal.

**GRAP 25** The Standard on Employee Benefits will have no material impact on the financial statements of the municipality as the municipality is adhering to IAS19 and there is no material change from IAS19 to GRAP25 that is affecting this municipality.

**GRAP 105–** The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

**GRAP 106 –** The Standard will have no material impact on the financial statements of the municipality as the municipality does not have functions transferred between entities under common control.

**GRAP 107 –** The Standard will have no material impact on the financial statements of the municipality as the municipality has no mergers.

The municipality shall apply these Standards of GRAP for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 9(1) (b) of the Public Finance Management Act, Act No 1 of 1999, as amended.

**1.3 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.4 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.5 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP24, has been provided in annexures to these financial statements and form part of the annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## **WATERBERG DISTRICT MUNICIPALITY**

### **ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

## **2 RESERVES**

As GRAP23 does not require that the below reserves be disclosed separately on the Statement of Financial Position, they are disclosed as part of Accumulated Surplus And Other Reserves, but are disclosed separately on the Statements of Changes in Net Assets and note 29

### **2.1 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus / (deficit).

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset from this reserve to the accumulated surplus/ (deficit).

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus / (deficit).

### **2.2 Donation and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donation and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus / (deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from Donations and Public Contributions is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus / (deficit).

## **3 PROPERTY, PLANT AND EQUIPMENT**

### **3.1 Initial recognition**

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used for more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction) the cost is deemed to be equal to the fair value of that asset on the date acquired.

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE 2013**

**3 PROPERTY, PLANT AND EQUIPMENT** *(continued)*

**3.1 Initial recognition** *(continued)*

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up. The municipality has no assets of cultural, environmental or historical significance and therefore no heritage assets.

**3.2 Subsequent measurement – cost model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Land, heritage assets and artwork are not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure is capitalised when it increases the capacity of future economic benefits associated with the asset.

Where the municipality replaces parts of an asset, it derecognizes the part of the asset being replaced and capitalizes the new component. Subsequent expenditure incurred on an asset is capitalized when it increases the capacity or future economic benefits associated with the asset.

**3.3 Depreciation and impairment**

Depreciation is calculated on cost minus the residual value, using the straight-line method, over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	<u>Years</u>
Buildings and Facilities	15 to 60
Computer Equipment	5 to 10
Emergency Equipment	5 to 10
Furniture and Fittings	5 to 20
Office Equipment	5 to 15
Plant and Equipment	4 to 10
Motor Vehicles	3 to 15
Specialized vehicles	6 to 16

Assets have been tested for impairment and the municipality has also accounted for the impairment of assets in terms of GRAP21 and GRAP26 for cash-generating and non-cash-generating assets. Residual values and useful lives are reviewed annually and implemented prospectively as a change in estimate.

**3.4 Derecognition**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value/residual value and is recognised in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE 2013**

**4 INTANGIBLE ASSETS**

**4.1 Initial recognition**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software licenses and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalized. Research expenditure is never capitalized while development expenditure is only capitalized to the extent that:

- the municipality intends to complete the intangible asset for use or sale
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project and
- it is probable that the municipality will receive future economic benefits or service potential

Intangible assets are initially recognised at cost

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset of monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, the deemed cost is the carrying amount of the asset(s) given up.

**4.2 Subsequent measurement – cost model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is infinite, the asset is not amortised but is subject to an annual impairment test.

**4.3 Amortisation**

Amortisation is charged so as to write off the cost or valuation minus residual value of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives.

Computer software

5 to 40 years depending on the individual review of each asset's useful life

The residual values, amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date and any changes are recognized as a change in accounting estimate in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 30 JUNE 2013**

**4 INTANGIBLE ASSETS** *(continued)*

**4.3 Amortisation** *(continued)*

The municipality test intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done annually. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**4.4 Derecognition**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value/residual value and is recognised in the Statement of Financial Performance.

**5 NON-CURRENT ASSETS HELD FOR SALE**

**5.1 Initial recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**5.2 Subsequent measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

**6 INVENTORY**

**6.1 Initial recognition**

Inventories comprise current assets held for consumption during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.



**WATERBERG DISTRICT MUNICIPALITY**  
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**6 INVENTORY (continued)**

**6.2 Subsequent measurement**

Inventories, consisting of consumables are valued at the lower of cost and net realisable value. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**7 FINANCIAL INSTRUMENTS**

**7.1 Initial recognition**

Financial instruments are initially recognized at fair value.

**7.2 Subsequent measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and is in accordance with GRAP104.

*Held-to-maturity investments* are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the municipality has the positive intention and ability to hold to maturity. The investments are disclosed as Held-to-maturity investments which are subsequently measured at amortised cost.

*Loans and receivables* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Amortised cost is calculated using the effective interest method.

**7.3 Investments**

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY**  
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**7 FINANCIAL INSTRUMENTS** *(continued)*

**7.4 Trade and other receivables**

Trade and other receivables are categorised as financial assets loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current. The carrying amount of trade and other receivables is a reasonable approximation of fair value.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**7.5 Trade and payables**

Financial liabilities consist of trade and other payables. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current. The carrying amount of trade and other payables is a reasonable approximation of fair value.

**7.6 Cash and cash equivalents**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets loans and receivables.

The credit risk disclosure is not required for financial instruments whose carrying amount best represents the maximum exposure to credit risk.

**8 PROVISIONS**

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

**WATERBERG DISTRICT MUNICIPALITY**  
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**8 PROVISIONS** *(continued)*

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**9 LEASES**

**9.1 Municipality as lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease. The average payments over the period of the lease are expensed and any difference between the average and actual payment is disclosed as a debtor or creditor in the Statement of Financial Position.

Contingent rentals are not straight-lined or included in the projected future minimum operating lease expenses / receipts in the note to the financial statements.

**9.2 Municipality as lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**10 REVENUE**

**10.1 Revenue from exchange transactions**

Revenue from exchange transactions is recognized at fair value and refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

**WATERBERG DISTRICT MUNICIPALITY**  
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**10 REVENUE** *(continued)*

**10.1 Revenue from exchange transactions** *(continued)*

Interest is recognised on a time proportion basis, using the effective interest method

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement

Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services

**10.2 Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality

Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality. Contributed property, plant and equipment are recognized at fair value.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councilors or officials is virtually certain

**10.3 Grants, transfers and donations**

GRAP 9 Revenue from Exchange Transactions only applies to exchange revenue. Therefore, the provision of GAMAP 9 Revenue Section 42 to 49 still applies pertaining to revenue from grants and donations received

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
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**10 REVENUE** *(continued)*

**10.3 Grants, transfers and donations** *(continued)*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met, to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Unutilised conditional grants are reflected in the Statement of Financial Position as a current liability and are always cash backed.

**11 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**12 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**13 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
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**14 EMPLOYEE BENEFITS**

**14.1 Provision for employee benefits**

Provision is made in the financial statements for all employee benefits.

Liabilities for wages and salaries, including non-monetary benefits, bonuses and annual leave obliged to be settled within 12 months of the reporting date, are recognized in other payables or provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

The liability for long service leave for which settlement can be deferred beyond 12 months from the reporting date is recognized in the non-current liability for employee benefits and measured as the present value of expected future payment to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

**14.2 Pensions and other post-retirement benefits**

The municipality provides retirement benefits for its employees and councillors. The municipality has accounted for the defined contribution plan in compliance with IAS19 and GRAP25 Employee Benefits. A defined contribution plan is a pension plan under which the municipality pays fixed contributions into a separate entity.

For defined contribution plans, the municipality pays contributions on a mandatory, contractual or voluntary basis. The municipality has no further payment obligations once the contributions have been paid. Accordingly, the Municipality recognises the contributions to the scheme as an expense when the employees and councillors have rendered the employment service or served office entitling them to the contributions.

The municipality also provides post-retirement medical benefits to qualifying retirees. They are recognized in accordance with IAS 19 and GRAP25 on defined benefit plans.

The cost of providing health care is charged to the income statement so as to recognize current and past service costs, interest cost on defined benefit obligations and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognized in full directly in the statement of financial performance. Additional benefits are expensed as past service cost in the period in which the benefit is granted to the extent that it is not covered by a surplus to contributions funded by the municipality. The municipality has no plan assets. A liability is consequently recognized in the statement of financial position based on the present value of defined benefit obligations, less any unrecognized past service costs.

**WATERBERG DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR**  
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**15 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests assets with an indefinite useful life or assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit to the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 1 CASH AND CASH EQUIVALENTS

The municipality has the following bank accounts:

#### Current Account (Primary Bank Account)

First National Bank Modimolle branch  
Account number 53170034748

Cash book balance at beginning of year  
Cash book balance at end of year

Bank statement balance at beginning of year  
Bank statement balance at end of year

#### Investments

Call deposits  
14 Days fixed deposits  
32 Days fixed deposits  
60 Days fixed deposits  
90 Days fixed deposits

Cash on hand:  
Petty cash

#### Total cash and cash equivalents

A portion of cash represents restricted cash as it serves as security for unspent conditional grants.

### 2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

#### Trade receivables

Abatlon  
Gross Balance  
Less: Provision for doubtful debts  
Net Balance

#### Councillor salaries

Gross Balance  
Less: Provision for doubtful debts  
Net Balance

#### Total Net Balance

Current (0 - 30 days)  
31 - 60 days  
61 - 90 days  
91 - 365 days  
+ 365 days  
Total

2013  
R

Restated  
2012  
R

8 402 922  
5 713 605  
8 200 133  
7 263 820

5 537 272  
8 402 922  
10 754 687  
8 200 133

20 097 992  
10 029 975  
48 138 028  
78 265 995

13 067 773  
10 070 521  
68 248 006  
91 334 360

8 300  
2 300

63 984 800  
97 739 482

4 733  
4 733  
4 733

460 882  
460 882  
(449 912)  
10 970

8 719  
8 719  
(8 719)

8 719  
8 719  
(8 719)

4 733  
10 970

4 032  
701  
-  
-  
-  
4 733

11 426  
3 238  
2 844  
4 593  
438 781  
460 882



# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)</b>		
<b>Councillor salaries: Ageing</b>		
Current (0 - 30 days)		
31 - 60 days		
61 - 90 days		
91 - 365 days		
+ 365 days	8 719	8 719
<b>Total</b>	<b>8 719</b>	<b>8 719</b>

### Summary of debtors by Customer Classification

Consumers as at 30 June:

Current (0 - 30 days)	4 032	11 426
31 - 60 days	701	3 238
61 - 90 days		2 844
91 - 365 days		4 593
+ 365 days	8 719	447 500
<b>Sub-total</b>	<b>13 452</b>	<b>469 601</b>
Less: Provision for doubtful debts	(8 719)	(458 631)
<b>Total debtors by customer classification</b>	<b>4 733</b>	<b>10 970</b>

### Reconciliation of the doubtful debt provision

Balance at beginning of the year	458 631	423 197
Contributions to provision		35 434
Bad debts recovered	(73 027)	
Bad debts written off	376 885	
<b>Balance at end of year</b>	<b>8 719</b>	<b>458 631</b>

The fair value of trade and other receivables approximates their carrying amounts.

## **3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Investments under liquidation		13 367
Prepayments	3 871 894	1 911 602
Sundry debtors	26 473	18 473
<b>Total Other Debtors</b>	<b>3 898 367</b>	<b>1 943 442</b>

An investment amounting to R 572 713 capital is held with New Republic Bank, which is under receivership. An investment amounting to R308 897 capital held with Regal Treasury Bank was written off during the current year. The investments were written down to fair value:

New Republic Bank Limited	
Regal Treasury Private Bank Limited	13 367

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Revised 2012 R
<b>4 INVENTORY</b>		
Consumables:		
Opening balance	99 894	83 134
Additions	363 453	377 119
Issued (expensed)	( 349 942)	( 370 259)
Write-down / reversal of write-down) to Net Replacement value (NRV) or Net Replacement Cost (NRC)		
Closing balance	<u>113 505</u>	<u>98 994</u>

Inventory consists of stationery. No inventory is pledged as security. No circumstances or events existed that would have led to the write-down or the reversal of a write-down of inventories.

<b>5 HELD-TO-MATURITY INVESTMENTS</b>		
6 Month fixed deposits	<u>20 148 748</u>	<u>20 286 830</u>

<b>6 VAT</b>		
VAT receivable	<u>1 850 480</u>	<u>4 723 043</u>

VAT is accounted for on the payment basis.

<b>7 NON-CURRENT ASSETS HELD FOR SALE</b>		
Computer equipment	23 912	21 791
Emergency equipment	2 484	4 102
Furniture and fittings	7 842	12 389
Office equipment	4 301	9 750
Plant and equipment	1	2 455
Specrised vehicles	23 609	1
Motor vehicles	56 280	23 609
Property, plant and equipment	<u>118 409</u>	<u>74 097</u>
The movement is reconciled as follows:		
Balance at beginning of year	74 096	26 751
Assets transferred to Non-current assets held for sale	85 186	47 345
Assets disposed	<u>(40 853)</u>	
Balance at year end	<u>118 409</u>	<u>74 096</u>

These assets are no longer being utilised by the municipality and has been approved by council for disposal. During the current year assets was donated and scrapped. Remaining computer equipment will be donated in the short term. An auction is to be arranged to dispose of the vehicles and remaining equipment.

<b>8 NON-CURRENT RECEIVABLES</b>		
Water & electricity	2 025	2 025
Office rentals	32 750	32 750
Deposits	<u>34 775</u>	<u>34 775</u>

Deposits water and electricity

These are deposits paid for water and electricity services and rental of office space in Mlotshane and Thabazimbi for environmental health officials.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## PROPERTY PLANT &amp; EQUIPMENT

Reconciliation of Carrying Value	Work in Progress	Land and Buildings	Other Assets	Total
Carrying values at 1 July 2012				
Cost		R 34 411 534	R 73 079 876	R 57 492 410
Accumulated Depreciation				
Accumulated Impairment				
Acquisitions				
Additions to Work in Progress				
Work in Progress completed		R 842 956	R 7 806 591	R 6 338 540
Depreciation				
(Impairment) reversal of impairment				
Carrying value of disposals				
Cost				
Accumulated depreciation				
Accumulated impairment				
Carrying values at 30 June 2013				
Cost		R 35 254 490	R 80 886 467	R 56 092 954
Accumulated Depreciation				
Accumulated Impairment				
Reconciliation of Carrying Value	Work in Progress	Land and Buildings	Other Assets	Total
Carrying values at 1 July 2011				
Cost	R 4 976 942	R 39 747 197	R 46 099 444	R 51 532 039
Accumulated Depreciation				
Accumulated Impairment				
Acquisitions				
Additions to Work in Progress				
Work in Progress completed				
Depreciation				
(Impairment) reversal of impairment				
Carrying value of disposals				
Cost				
Accumulated depreciation				
Accumulated impairment				
Carrying values at 30 June 2012				
Cost		R 34 411 534	R 73 079 876	R 57 492 410
Accumulated Depreciation				
Accumulated Impairment				

Refer to Appendix C for more detail on property plant and equipment including those in the process of being constructed

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 10 INTANGIBLE ASSETS

#### 10.1 Reconciliation of carrying value

	Computer Software	Total
as at 1 July 2012	2 615 681	2 615 681
Cost	3 752 534	3 752 534
Work in Progress		
Accumulated amortisation and impairment losses	(1 136 853)	(1 136 853)
Acquisitions	11 550	11 550
Additions to Work in Progress		
Work in Progress Completed		
Work in Progress transferred to Cost		
Amortisation	(213 512)	(213 512)
Carrying value of disposal		
Cost	(246 553)	(246 553)
Accumulated amortisation	246 553	246 553
as at 30 June 2013	2 413 719	2 413 719
Cost	3 517 531	3 517 531
Work in Progress		
Accumulated amortisation and impairment losses	(1 103 812)	(1 103 812)

#### 10.2 Reconciliation of carrying value

	Computer Software	Total
Restated		
as at 1 July 2011	1 635 823	1 635 823
Cost	1 741 248	1 741 248
Work in Progress	774 300	774 300
Accumulated amortisation and impairment losses	(879 925)	(879 925)
Acquisitions	1 236 968	1 236 968
Additions to Work in Progress		
Work in Progress Completed	(774 300)	(774 300)
Work in Progress transferred to Cost	774 300	774 300
Amortisation	(258 928)	(258 928)
Carrying value of disposal		
Cost		
Accumulated amortisation		
as at 30 June 2012	2 615 681	2 615 681
Cost	3 752 534	3 752 534
Work in Progress		
Accumulated amortisation and impairment losses	(1 136 853)	(1 136 853)
	2013 R	Restated 2012 R

### 11 TRADE AND OTHER PAYABLES

Trade creditors	2 123 461	2 975 492
Accruals	5 862 075	5 077 563
Retentions	197 978	434 300
	<u>8 183 514</u>	<u>8 487 375</u>

The fair value of trade and other payables approximates their carrying amounts.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>12 CONSUMER DEPOSITS</b>		
Abattoir	<u>600</u>	<u>1 550</u>
Guarantees held in lieu of abattoir deposits	<u>12 000</u>	<u>12 000</u>
<b>13 PROVISIONS</b>		
Performance bonus	<u>325 595</u>	<u>280 672</u>
	<u>325 595</u>	<u>280 672</u>

Performance bonuses are paid one year in arrears when the municipality has a present obligation as a result of a past event which is the services rendered and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The bonus has been calculated based on the assessment of eligible employees at the reporting date.

The movement is reconciled as follows:

Balance at beginning of year	280 672	
Contributions/(reversals) to provision	262 006	280 672
Expenditure incurred	(217 083)	
Balance at year end	<u>325 595</u>	<u>280 672</u>

The assumptions and base of calculation was done in terms of the requirements of the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Manager 2006. Provision for Performance bonuses are calculated as per the performance agreements & brackets indicated in Section 32(2) of the above Performance Regulations. The maximum exposure was calculated based on the final score of each individual manager at year end and in which bracket those scores fall.

## 14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

### Conditional Grants from other spheres of Government

Municipal Systems Improvement Grant	237 037	
Finance Management Grant	83 305	
Health Grant		
Wildlife Centre Grant	131 700	389 256
VUNA Awards		
Expanded Public Works Incentive Grant	771 000	171 000
LEDEP	<u>140 000</u>	<u>100 000</u>
Total Unspent Conditional Grants and Receipts from other spheres of Government	<u>1 363 080</u>	<u>670 256</u>

### Other conditional grants

Mayor's Golf Day Grant	<u>35 000</u>	
Total Unspent Other Conditional Grants and Receipts	<u>35 000</u>	
Total Unspent Conditional Grants and Receipts	<u>1 398 080</u>	<u>670 256</u>

See note 20 for reconciliation of grants.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 15 RETIREMENT HEALTH CARE LIABILITY

The municipality contributes to a number of defined contribution schemes for pension of all permanent employees and councillors. The funds are governed by the Pension Funds Act of 1956.

The following are defined contributors plans:

- Samwuj Proident Fund
- National Fund for Municipal Workers
- Municipal Gratuity Fund
- Municipal Employee Fund
- Joint Municipal Pension Fund
- Municipal Councillors Pension Fund

The municipality also provides certain post-retirement medical benefits to qualifying pensioners. All post-retirement medical benefits are unfunded.

The following are defined benefit plans:

- LA Health
- SAMWU Med
- Bontas Medical Fund
- Key Health Medical Scheme
- Holmed

In accordance with prevailing legislation, the defined benefit funds are actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2013.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions. The municipality intends to continue to contribute to each defined benefit post-retirement medical scheme in accordance with the latest recommendations of the actuary to each scheme.

The accumulated defined benefit obligation in respect of the post-retirement medical contributions are provided based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2013 R	Restated 2012 R
<b>Movement in the employee health-care benefit liability</b>		
Liability as at 1 July	12 832 210	12 297 748
Benefits paid	750 928	( 718 172)
Plan participants contributions	292 883	292 762
Current service cost	635 446	577 143
Interest	1 002 836	1 050 610
Actuarial losses / (gains) recognised in Statement of Financial Performance	( 218 876)	( 662 379)
<b>Unfunded accrued liability as at 30 June</b>	<b>13 793 670</b>	<b>12 832 210</b>
 Current portion of liability as at 30 June	 <b>(1 403 168)</b>	 <b>(1 223 481)</b>
Non-current portion of liability as at 30 June	<b>12 391 504</b>	<b>11 608 729</b>
 <b>The liability as at 30 June consists of:</b>		
In-service members	6 911 568	6 414 517
Continuation members	6 882 102	6 417 693
	<b>13 793 670</b>	<b>12 832 210</b>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>15 RETIREMENT BENEFITS (continued)</b>		
<b>Expense recognized in (profit) or loss:</b>		
Current service cost	635 445	577 143
Interest cost	1 002 936	1 050 610
Past service cost		
Actuarial losses or (gains)	(218 678)	(862 379)
	<u>1 419 503</u>	<u>965 374</u>
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	8.84%	7.94%
Health care cost inflation rate	7.62%	8.86%
Average remaining future working lifetime	18.6 years	18.9 years
<i>The effect of a 1% movement in the assumed medical cost trend rate is as follows:</i>		
	<b>1% Increase</b>	<b>1% Increase</b>
Effect on the aggregate of the current service cost and interest cost	18%	14%
Effect on the defined benefit obligation	13%	16%
	<b>1% Decrease</b>	<b>1% Decrease</b>
Effect on the aggregate of the current service cost and interest cost	15%	14%
Effect on the defined benefit obligation	11%	13%
The Municipality's best estimate of contributions expected to be paid to the plan during the annual period beginning after the balance sheet date is R 637 395		

## 16 LONG SERVICE AWARDS LIABILITY

The municipality provides long-service awards to its permanent employees.

The benefit of long-service award is provided in the form of annual leave and a gift to a certain monetary value.

In accordance with prevailing legislation, the provision is actuarially valued at intervals of not more than two years. The Projected Unit Credit valuation method is used. The latest actuarial valuation was performed as at 30 June 2013.

The municipality has no legal obligation to settle this liability with any immediate contributions or additional once-off contributions.

The accumulated defined benefit obligation in respect of the long-service awards are provided based on calculations of independent actuaries, using methods and assumptions consistent with IAS 19 as follows:

	2013 R	Restated 2012 R
<b>Movement in the long-service award liability:</b>		
Liability as at 1 July	1 453 933	1 281 962
Benefits paid	(98 413)	(279 760)
Current service cost	223 323	290 300
Interest	88 946	87 024
Actuarial losses / (gains)	(574)	74 407
Unfunded accrued liability as at 30 June	<u>1 669 115</u>	<u>1 453 933</u>
Current portion of liability as at 30 June	<u>(222 200)</u>	<u>(210 885)</u>
Non-current portion of liability as at 30 June	<u>1 446 915</u>	<u>1 243 048</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>16 LONG SERVICE AWARDS LIABILITY (continued)</b>		
Expense recognised in (profit) or loss:		
Current service cost	223 323	290 300
Interest cost	88 848	87 024
Past service cost		
Actuarial losses / (gains)	( 874)	74 407
	<u>311 297</u>	<u>451 731</u>
<i>Principal actuarial assumptions of valuation model used:</i>		
Discount rate	7.34%	8.34%
General salary inflation rate	6.82%	5.97%
Average remaining future working lifetime	16.2 years	16.6 years
<i>The effect of a 1% movement in the assumed general salary inflation rate is as follows:</i>		
	1% Increase	1% Increase
Effect on the aggregate of the current service cost and interest cost	7%	6%
Effect on the defined benefit obligation	6%	7%
	1% Decrease	1% Decrease
Effect on the aggregate of the current service cost and interest cost	-6%	-4%
Effect on the defined benefit obligation	-6%	-6%
The Municipality's best estimate of benefits expected to be paid to the plan during the annual period beginning after the balance sheet date is R 204 581		
<b>17 SERVICE CHARGES</b>		
Abortion services	<u>718 952</u>	<u>852 212</u>
<b>18 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	6 176 945	7 401 552
Total interest	<u>6 176 945</u>	<u>7 401 552</u>
<b>19 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
BARS	111 861	9 718
Abortion	261	26 933
Deposits		
Total interest	<u>112 122</u>	<u>36 651</u>



# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>20 GOVERNMENT AND OTHER GRANTS</b>		
Equitable share	90 530 000	87 880 000
Municipal Systems Improvement Grant	762 963	1 130 921
Finance Management Grant	† 168 665	1 685 453
LG SETA Grant	215 188	220 679
Municipal Health Grant		8 354 000
Wildlife Centre Grant	267 548	
VUNA Awards		26 517
LEJET Biosphere Grant	100 000	
Expanded Public Works Incentive Grant	400 000	
	<u>93,442 384</u>	<u>99 297 570</u>
<b>20.1 Equitable share</b>		
The equitable share is an unconditional grant and is utilised to fund disaster management services, environmental health services, projects and operating expenditure		
<b>20.2 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year		340 921
Current year receipts		790 000
Conditions met – transferred to income	( 762 963)	(1 130 921)
Conditions still to be met – transferred to liabilities	( 962 963)	
The grant is utilised for the implementation of new legislation, skills development and the GRAP compliance of the fixed asset register		
<b>20.3 Finance Management Grant</b>		
Balance unspent at beginning of year		435 453
Current year receipts		† 250 000
Conditions met – transferred to income	(1 168 665)	(† 685 453)
Conditions still to be met – transferred to liabilities	(† 168 665)	
The grant is utilised for the appointment of financial and audit interns, financial training and assist with the implementation of the MFMA and compliance with GRAP		
<b>20.4 LG SETA Grant</b>		
Balance unspent at beginning of year		
Current year receipts		220 679
Conditions met – transferred to income	( 215 188)	( 220 679)
Conditions still to be met – transferred to liabilities	( 215 188)	-
The grant is utilised for training of officials in the District Municipality		
<b>20.5 Municipal Health Grant</b>		
Balance unspent at beginning of year		2 088 500
Current year receipts		6 265 500
Conditions met – transferred to income		(8 354 000)
Conditions still to be met – transferred to liabilities		
The grant was utilised to fund the Environmental Health function that was devolved to the District Municipality		

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>20 GOVERNMENT GRANTS (continued)</b>		
<b>20.6 Wildlife Centre Grant</b>		
Balance unspent at beginning of year		399 256
Current year receipts		
Conditions met transferred to income	( 267 548)	
Conditions still to be met transferred to liabilities	( 267 548)	399 256
The grant is utilised to fund the feasibility study of a district wildlife centre		
<b>20.7 YUNA Awards Grant</b>		
Balance unspent at beginning of year		26 517
Current year receipts		
Conditions met transferred to income		( 26 517)
Conditions still to be met transferred to liabilities		
The YUNA Awards grant was utilised to fund tourism signage erected in the district		
<b>20.8 LEOET Biosphere Grant</b>		
Balance unspent at beginning of year	100 000	
Current year receipts		100 000
Conditions met transferred to income	( 100 000)	
Conditions still to be met transferred to liabilities		100 000
The grant is to be utilised to fund the operations of the Waterberg Biosphere		
<b>20.9 Expanded Public Works Incentive Grant</b>		
Balance unspent at beginning of year	171 000	
Current year receipts		171 000
Conditions met transferred to income	( 400 000)	
Conditions still to be met transferred to liabilities	( 229 000)	171 000
The grant is to incentivise municipalities to increase labour intensive employment through infrastructure programmes that maximise job creation and skills development in line with the the EPWP guidelines		

### 20.10 Changes in levels of government grants

Based on the allocations as set out in the Division of Revenue Act (Act No 12 of 2008) no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

## 21 PUBLIC CONTRIBUTIONS AND DONATIONS

Donations		263 859
Total public contributions and donations		263 859

In the previous financial year Lephalale Local Municipality donated the Lephalale Disaster Centre land and Marico Fire Fighting Technology donated 3 skid units

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>22 GAIN / (LOSS) ON DISPOSAL OF ASSETS</b>		
Gain on disposal of Property, plant and equipment	22 540	10 607
Loss on disposal of Property, plant and equipment	( 527 892)	( 8 845)
<b>Total Gain / (Loss) on Disposal of Assets</b>	<b>( 505 352)</b>	<b>1 762</b>
<b>23 (IMPAIRMENT) / REVERSAL OF IMPAIRMENT LOSS ON ASSETS</b>		
Property, plant and equipment	(1 767 273)	44 500
This impairment is mainly on fire fighting vehicles that has been damaged and are in for repairs over year end. Impairment will be reversed as soon as they are repaired to their original lifespan and quality.		
Other financial assets		
An investment amounting to R 572 713 capital is held with New Republic Bank, which is presently under receivership. The investment was written down to fair value.		( 142 748)
An investment amounting to R322 264 capital was held with Regal Treasury Bank for which the liquidation has been finalised. The final liquidation dividend was received and the remainder written off.		13 357
<b>Total impairment loss</b>	<b>(1 767 273)</b>	<b>( 84 881)</b>
<b>24 EMPLOYEE RELATED COSTS</b>		
Employee related costs: Salaries and wages	31 766 114	28 293 005
Employee related costs: Contributions for JF pension and medical aid & other statutory contributions	9 272 986	8 071 673
Travel and other allowances	7 313 983	6 363 295
Housing benefits and allowances	182 436	184 800
Overtime allowances	316 089	137 870
Performance and other bonuses (increase / (reversal) of provision)	282 006	280 672
<b>Total Employee Related Costs</b>	<b>49 139 594</b>	<b>43 351 405</b>
(Refer to Appendix E 1)		
There were no advances to employees.		
<b>Remuneration of Individual Managers</b>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	677 947	635 362
Performance- and other bonuses		
Travel and cellphone allowance	301 618	282 629
Contributions to JF Medical and Pension Funds	172 505	162 126
<b>Total</b>	<b>1 152 170</b>	<b>1 080 117</b>

The Municipal Manager was appointed on 1 January 2010.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>24 EMPLOYEE RELATED COSTS (continued)</b>		
<b>Remuneration of Individual Managers (continued)</b>		
<b>Remuneration of the Chief Financial Officer</b>		
Annual Remuneration	854 175	745 132
Performance- and other bonuses	116 400	
Travel and cellphone allowance	192 072	180 000
Contributions to UIF Medical and Pension Funds	1 713	1 487
<b>Total</b>	<b>1 164 360</b>	<b>926 629</b>
The Chief Financial Officer was appointed on 11 June 2007 and re-appointed on 1 June 2012		
<b>Infrastructure Development</b>		
Annual Remuneration	170 720	506 311
Performance- and other bonuses		
Travel and cellphone allowance	82 000	213 348
Contributions to UIF Medical and Pension Funds	47 045	104 723
<b>Total</b>	<b>279 773</b>	<b>824 382</b>
The previous Infrastructure Development Manager was appointed on 9 July 2007 and his contract ended on 30 June 2012. The new manager was appointed from 1 March 2013		
<b>Planning &amp; Economic Development</b>		
Annual Remuneration	386 314	523 278
Performance- and other bonuses	56 645	
Travel and cellphone allowance	124 125	172 090
Contributions to UIF Medical and Pension Funds	88 401	123 974
<b>Total</b>	<b>655 485</b>	<b>819 351</b>
The previous Planning & Economic Development Manager was appointed on 1 March 2008 and his contract ended on 28 February 2013. The new manager appointed from 1 July 2013		
<b>Corporate Support &amp; Shared Services</b>		
Annual Remuneration	206 600	360 300
Performance- and other bonuses		
Travel and cellphone allowance	32 018	122 443
Contributions to UIF Medical and Pension Funds	63 165	110 663
<b>Total</b>	<b>301 783</b>	<b>593 406</b>
The Corporate Support & Shared Services Manager was appointed on 1 January 2008 and resigned on 14 February 2012. The new manager was appointed from 1 March 2013		

**WATERBERG DISTRICT MUNICIPALITY**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

	2013 R	Restated 2012 R
<b>24 EMPLOYEE RELATED COSTS (continued)</b>		
<i>Remuneration of Individual Managers (continued)</i>		
<i>Social Development &amp; Community Services</i>		
Annual Remuneration	553 993	518 978
Performance- and other bonuses	64 038	
Travel and cellphone allowance	268 548	256 509
Contributions to UIF Medical and Pension Funds	42 993	36 497
<b>Total</b>	<b>929 570</b>	<b>811 984</b>

The Social Development and Community Services Manager was appointed on 1 January 2010

**Executive Mayor's Office**

Annual Remuneration	561 143	121 206
Performance- and other bonuses		
Travel and cellphone allowance	165 272	43 750
Contributions to UIF Medical and Pension Funds	135 301	31 691
<b>Total</b>	<b>861 716</b>	<b>196 646</b>

The Executive Support Manager was appointed on 1 April 2012

There are no post-employment benefits, other long-term benefits or termination benefits provided to Section 56 managers

**25 REMUNERATION OF COUNCILLORS**

Executive Mayor	602 269	570 676
Speaker	485 790	460 499
Full time Mayoral Committee members	1 665 507	1 340 447
Mayoral Committee members	993 162	5 058 612
Councillors	1 154 618	1 078 288
Councillors' pension medical aid contributions and other statutory	581 336	472 292
<b>Total Councillors' Remuneration</b>	<b>5 472 702</b>	<b>4 978 962</b>

**In kind benefits**

The Executive Mayor, Speaker, Chief Whip and 3 other Mayoral Committee members are full time councillors. Each is provided with an office, tools of trade and secretarial support at the cost of the Council. The Executive Mayor has use of a Council owned vehicle for official duties and has a driver. The previous Executive Mayor's term in office ended on 21 May 2011 and a new Executive Mayor was elected on 3 June 2011

**26 DEPRECIATION AND AMORTISATION**

Property plant and equipment depreciation	7 151 150	4 923 766
Intangible assets amortization	213 511	256 928
<b>Total Depreciation and impairment</b>	<b>7 364 661</b>	<b>5 180 694</b>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>27 CONTRACTED SERVICES</b>		
Contracted service for Fire Fighting	12 758 915	11 987 004
	<u>12 758 915</u>	<u>11 987 004</u>

This is a funded mandate of Waterberg District Municipality which is performed by local municipalities

## 28 GENERAL EXPENSES

Included in general expenses are the following

Advertising	134 303	181 104
Audit fees	944 034	842 484
Bank charges	80 246	57 148
Bureaux	101 370	40 078
Cleaning	100 870	123 121
Consumables	30 202	27 030
Damaged mail claims	1 167	909
Delegations	55 394	87 333
Entertainment	352 362	404 330
Financial management grant	626 320	1 275 960
Insurance	771 153	745 071
Legal expenses	431 063	204 855
Membership fees	521 188	435 349
Municipal account water rates & electricity	914 733	575 015
Municipal systems improvement grant	706 862	1 130 921
Postage	7 416	2 540
Printing and stationery	386 067	360 094
Programming	287 899	170 072
Rental of buildings / offices	447 923	105 779
Rental of office equipment	702 338	668 165
Security costs	1 651 811	922 338
Subscription and publication	4 420	21 415
Telephone & cell phone expenses	490 313	694 693
Training	309 810	385 031
Travel and subsistence	3 426 387	3 183 950
Vehicle costs	406 224	328 557
Other	1 668 435	1 224 698
	<u>16 040 441</u>	<u>14 178 888</u>

## 29 ACCUMULATED SURPLUS AND RESERVES

As the individual classification of the following reserves are not required in terms of GRAP 9 the following split is not disclosed on the face of the Statement of Financial Position and is merely utilised for internal reporting:

Government Grant Reserve	473 841	603 165
Donations and Public Contributions Reserve	1 184 103	1 462 854
Accumulated Surplus	141 451 788	159 226 814
	<u>143 089 733</u>	<u>161 294 633</u>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>30 CASH GENERATED FROM OPERATIONS</b>		
Net surplus for the year	(18 204 900)	( 390 191)
Adjustment for non-cash movements:		
Depreciation and amortisation	7 364 861	5 180 694
(Gain)/ Loss on sale of assets	505 352	( 1 762)
Donated property, plant & equipment		( 263 859)
Impairment / (Reversal of impairment) on assets	1 757 273	84 581
Increase in retirement health care liability	961 480	539 904
Increase in long service awards liability	215 152	171 971
Contributions to provisions - current	44 923	280 672
<b>Operating surplus before working capital changes</b>	<b>(7 356 049)</b>	<b>8 602 070</b>
Decrease in trade receivables	6 237	11 624
Decrease/(increase) in other receivables	(1 968 092)	(1 118 060)
Decrease/(increase) in inventory	( 13 511)	( 6 860)
Decrease/(increase) in VAT receivable	3 072 583	(1 880 326)
(Decrease)/increase in trade payables	( 303 861)	2 612 314
Decrease in consumer deposits	( 850)	
(Decrease)/increase in Unspent Conditional Grants and Receipts	727 824	(2 620 381)
<b>Cash generated from operations</b>	<b>(5 835 819)</b>	<b>2 820 388</b>

### 31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statement comprise the following statements of amounts indicating financial position:

Bank balance	5 713 606	6 402 922
Short-term investment deposits	78 266 995	81 334 360
Peity cash	4 200	2 200
	<b>83 984 801</b>	<b>87 739 482</b>

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 32 CORRECTION OF PRIOR PERIOD ERRORS 2011/2012

Debit / (Credit)

#### 32.1 Incomplete disclosure of donations received

In the 2011/2012 financial statements capital assets was incorrectly capitalised from project expenditure instead of as donations received. Accordingly the donations reserve and accumulated surplus also had to be adjusted for the additions and subsequent depreciation.

The comparative amounts for 2012 have been restated

The effect on the 2011 and 2012 balances are as follows

	Corrected R	Adjustment R	Previous R
As at 1 July 2011			
no change	-	-	-

There is no change related to period prior to 1 July 2011

#### Statement of Financial Performance 2012

Donations Received	( 63 658)	( 63 658)	
Project expenditure	26 362 428	63 658	26 298 769

#### Statement of Financial Position 2012

Accumulated Surplus	158 619 006)	59 188	(158 678 194)
Donations Reserve	( 482 654)	( 59 188)	( 541 842)

#### 32.2 Calculation error on depreciation

In the 2011/2012 financial statements depreciation was captured incorrectly on various assets due to corrections on the asset register that was not corrected on the general ledger

The comparative amounts for 2012 have been restated

The effect on the 2011 and 2012 balances are as follows

	Corrected R	Adjustment R	Previous R
As at 1 July 2011			
no change	-	-	-

There is no change related to period prior to 1 July 2011

#### Statement of Financial Performance 2012

Depreciation	4 913 991	64 373	4 849 618
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#### Statement of Financial Position 2012

PPE Accumulated Depreciation	(16 597 144)	( 64 373)	(16 661 517)
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# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 32 CORRECTION OF PRIOR PERIOD ERRORS 2011/2012 (continued)

Debit / (Credit)

#### 32.3 Inaccurate capitalisation of intangible assets

The forensic search ability software for security cameras was incorrectly capitalised as an intangible assets instead of capitalising it with the corresponding tangible assets

The comparative amounts for 2012 have been restated

The effect on the 2011 and 2012 balances are as follows

As at 1 July 2011

no change

There is no change related to period prior to 1 July 2011

#### Statement of Financial Performance 2012

	Corrected R	Adjustment R	Previous R
Depreciation	4 915 053	1 062	4 913 991
Amortisation	256 928	( 174)	257 103
Project expenditure	26 326 428	( 36 000)	26 362 428

#### Statement of Financial Position 2012

PPE Additions	15 709 916	45 750	15 664 166
PPE Accumulated Depreciation	16 506 206	( 1 062)	(16 507 144)
IA Additions	2 011 285	( 9 750)	2 021 035
IA Accumulated Amortisation	(1 136 653)	174	(1 137 026)

#### 32.4 Inaccurate capitalisation of property, plant and equipment

The sound / recording system was incorrectly capitalised at 90% of its cost excluding the 10% retention on the item

The comparative amounts for 2012 have been restated

The effect on the 2011 and 2012 balances are as follows

As at 1 July 2011

no change

#### Statement of Financial Performance 2012

Depreciation	4 918 442	3 388	4 915 053
Project expenditure	26 263 728	( 42 700)	26 326 428

#### Statement of Financial Position 2012

PPE Additions	15 752 616	42 700	15 709 916
PPE Accumulated Depreciation	(16 601 594)	( 3 388)	(16 596 206)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

32 CORRECTION OF PRIOR PERIOD ERRORS 2011/2012 (continued)

Debit / (Credit)

32.5 Assets not capitalised

3 laptops purchased in July 2011 was not capitalised

The comparative amounts for 2012 have been restated

The effect on the 2011 and 2012 balances are as follows

As at 1 July 2011  
no change

Statement of Financial Performance 2012

Depreciation	4 923 766	5 325	4 918 442
Project expenditure	26 255 458	( 26 270)	26 283 728

Statement of Financial Position 2012

PPE - Additions	15 780 856	26 270	15 752 810
PPE - Accumulated Depreciation	(16 608 919)	( 5 325)	(16 601 594)

2013  
R

2012  
R

33 UNAUTHORISED IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

33.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening Balance	24 045	
Fruitless and wasteful expenditure awaiting condonement	23 445	
To be recovered - Contingent Asset	500	
Fruitless and wasteful expenditure current year	5 017	24 045
Fruitless and wasteful expenditure recovered during the current year	( 5 450)	
Condoned or written off by Council	( 23 445)	
Closing balance	1 167	24 045
Fruitless and wasteful expenditure awaiting condonement	1 167	23 445
To be recovered - Current Asset		500

Current year

Flies infestation and incorrect dispatch at the abattoir led to damaged meat claims to a total of R 1 167 during the current financial year. The matter was investigated and no deliberate or negligent intent was found. The incidences will be reported to Council to condone and write off.

Traffic fines and penalties on late licensing of municipal vehicles to an amount of R 4 850 was deducted from the responsible employees' salaries during the current financial year.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		R	R
33	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		

### 33.1 Fruitless and wasteful expenditure (continued)

#### Prior year

R 22 535 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Lephalala Disaster Centre which constitutes an unlawful development. The matter was investigated, condoned and written off.

R 600 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys were with records officer who was on strike. The full amount was deducted from the salary of the acting manager in Corporate Support & Shared Services.

R 909 was incurred on damaged meat claims for the death of a pig due to the faulty dehanging machine. The matter was investigated, condoned and written off.

### 33.2 Irregular expenditure

#### Reconciliation of irregular expenditure

Opening Balance	7 134	140 200
Irregular expenditure awaiting condonement		140 200
To be recovered - Contingent Asset	7 134	
Irregular expenditure incurred current year		52 107
Irregular expenditure recovered during the current year	(7 134)	(44 973)
Condoned or written off by Council		(140 200)
Closing balance		7 134
Irregular expenditure awaiting condonement		
To be recovered - Current Asset	-	7 134

#### Current year

There were no material incidents of irregular expenditure in the current financial year.

#### Prior year

The Office of the Executive Mayor incurred irregular expenditure of R 140 200 on the provision of transport to the voter registration mobilization campaign for the youth. Voter registration is an activity unrelated to the functional area of the vote utilised, which is Community Participation. Council condoned and wrote off this expenditure in the previous financial year.

R 7 134 owed by an official for abuse of 3G card above the monthly capping constitutes irregular expenditure as official was granted deduction in installments instead of once off deduction which then classifies as a loan to an official which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was recovered from the responsible employee.

R 35 016 No-Work-No-Pay deduction for August 2011 strike was postponed and deducted in installments instead of once off deduction which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The second delayed installment is reported as irregular expenditure. The full amount was deducted in the November 2011 salaries.

R 9 957 personal telephone calls deduction for July to October 2011 was postponed due to No-Work-No-Pay deductions of strike and deducted in December 2011 instead of once off deduction in October 2011 which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was deducted in the December 2011 salaries.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>34 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>		
<b>34.5 PENSION AND MEDICAL AID DEDUCTIONS</b>		
Opening balance		
Current year payroll deductions and council contributions	13 081 426	11 751 346
Amount Paid - Current year	(13 081 426)	(11 751 346)
Amount Paid - Previous years		

### 34.6 SUPPLY CHAIN MANAGEMENT REGULATIONS

In terms of section 36 of the Municipal Supply Chain Management Regulations the Municipal Manager may dispense with the official procurement process in certain instances and remedy minor breaches.

These expenses incurred, approved by the Municipal Manager and reported to Council, are listed below:

Deviations on goods and services less than R 30 000	553 922	594 988
Deviations on goods and services between R 30 000 and R 200 000	2 081 253	1 805 252
Deviations on goods and services more than R 200 000	2 150 304	284 983
	<b>5 885 479</b>	<b>2 485 221</b>

The expenditure was incurred as listed below:

Urgent and emergency procurement	131 821	118 011
Limited bidding procurement	5 119 827	2 175 228
Minor breaches	414 031	193 985
	<b>5 885 479</b>	<b>2 485 221</b>

### 35 REMUNERATION OF AUDIT COMMITTEE MEMBERS

Remuneration	<b>78 602</b>	<b>42 865</b>
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3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses. The 3 year term of the new audit committee commenced on 1 August 2011 and ends on 31 July 2014. Four meetings were held during the current year but the chairperson also attended council meetings.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Revised 2012 R
<b>33 UNAUTHORISED IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		

**33.1 Fruitless and wasteful expenditure (continued)****Prior year**

R 22 536 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Lephalele Disaster Centre which constitutes an unlawful development. The matter was investigated, condoned and written off.

R 800 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys was with records officer who was on strike. The full amount was deducted from the salary of the acting manager in Corporate Support & Shared Services.

R 808 was incurred on damaged meat claims for the death of a pig due to the faulty dehazing machine. The matter was investigated, condoned and written off.

**33.2 Irregular expenditure****Reconciliation of irregular expenditure**

Opening Balance	7 134	140 200
Irregular expenditure awaiting condonement		140 200
To be recovered – Contingent Asset	7 134	
Irregular expenditure incurred current year		52 107
Irregular expenditure recovered during the current year	( 7 134)	( 44 973)
Condoned or written off by Council		( 140 200)
Closing balance		7 134
Irregular expenditure awaiting condonement		
To be recovered – Current Asset	-	7 134

**Current year**

There were no material incidents of irregular expenditure in the current financial year.

**Prior year**

The Office of the Executive Mayor incurred irregular expenditure of R 140 200 on the provision of transport to the voter registration mobilization campaign for the youth. Voter registration is an activity unrelated to the functional area of the vote utilized, which is Community Participation. Council condoned and wrote off this expenditure in the previous financial year.

R 7 134 owed by an official for abuse of 3G card above the monthly capping constitutes irregular expenditure as official was granted deduction in installments instead of once off deduction which then classifies as a loan to an official which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was recovered from the responsible employee.

R 35 016 No-Work-No-Pay deduction for August 2011 strike was postponed and deducted in installments instead of once off deduction which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The second delayed installment is reported as irregular expenditure. The full amount was deducted in the November 2011 salaries.

R 9 957 personal telephone calls deduction for July to October 2011 was postponed due to No-Work-No-Pay deductions of strike and deducted in December 2011 instead of once off deduction in October 2011 which then classifies as a loan to officials at the time which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was deducted in the December 2011 salaries.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	Restated 2012 R
33	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		

### 33.1 Fruitless and wasteful expenditure (continued)

#### Prior year

R 22 535 penalty was incurred from DEDET for not conducting an EIA process before the construction of the Cephalele Dejeester Centre which constitutes an unlawful development. The matter was investigated, condoned and written off.

R 600 was incurred for breaking & replacing door lock of register and post room during the strike in August 2011 as all keys was with records officer who was on strike. The full amount was deducted from the salary of the acting manager in Corporate Support & Shared Services.

R 908 was incurred on damaged meat claims for the death of a pig due to the faulty dehiscing machine. The matter was investigated, condoned and written off.

### 33.2 Irregular expenditure

#### Reconciliation of irregular expenditure

Opening Balance	7 134	140 200
Irregular expenditure awaiting condonement		140 200
To be recovered - Contingent Asset	7 134	-
Irregular expenditure incurred current year		52 107
Irregular expenditure recovered during the current year	(7 134)	(44 973)
Condoned or written off by Council		(140 200)
Closing balance	-	7 134
Irregular expenditure awaiting condonement		
To be recovered - Current Asset	-	7 134

#### Current year

There were no material incidents of irregular expenditure in the current financial year.

#### Prior year

The Office of the Executive Mayor incurred irregular expenditure of R 140 200 on the provision of transport to the voter registration mobilization campaign for the youth. Voter registration is an activity unrelated to the functional area of the vote utilised, which is Community Participation. Council condoned and wrote off this expenditure in the previous financial year.

R 7 134 owed by an official for abuse of 3G card above the monthly capping constitutes irregular expenditure as official was granted deduction in installments instead of once off deduction which then classifies as a loan to an official which is a forbidden activity in terms of section 164 of the MFMA and thus a contravention from the MFMA. The full amount was recovered from the responsible employee.

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# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2013 R	Revised 2012 R
<b>33</b>	<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (continued)</b>		
<b>33.1</b>	<b>Unauthorised expenditure</b>		
	Reconciliation of unauthorised expenditure		
	Opening Balance		
	Unauthorised expenditure current year		
	Condoned or approved by Council		
	To be recovered - Contingent Asset		
	Unauthorised expenditure awaiting authorisation		
	<b>Current year</b>		
	There were no material incidents of unauthorised expenditure in the current financial year		
	<b>Prior year</b>		
	There were no material incidents of unauthorised expenditure in the previous financial year		
<b>34</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>34.1</b>	<b>Contributions to organised local government</b>		
	Opening Balance		
	Council subscriptions	427 054	353 710
	Amount Paid - current year	(427 054)	(353 710)
	Amount paid - previous years		
	Balance unpaid (included in payables)		-
<b>34.2</b>	<b>Audit fees</b>		
	Opening balance		
	Current year audit fees - statutory	944 034	842 484
	Prior year audit fee - forensic		
	Amount paid - current year	(944 034)	(842 484)
	Amount paid - previous years		
	Balance unpaid (included in payables)		
<b>34.3</b>	<b>VAT</b>		
	VAT input receivables and VAT output payables are shown in note 5. All VAT returns have been submitted by the due date throughout the year		
<b>34.4</b>	<b>PAYE</b>		
	Opening Balance		
	Current year payroll deductions	8 508 015	7 846 747
	Amount Paid - Current year	(8 508 015)	(7 846 747)
	Amount paid - previous years		

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	Restated 2012 R
<b>34 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>		
<b>34.5 PENSION AND MEDICAL AID DEDUCTIONS</b>		
Opening balance		
Current year payroll deductions and council contributions	13 091 426	11 751 348
Amount Paid - Current year	(13 091 426)	(11 751 346)
Amount Paid - Previous years		

### 34.6 SUPPLY CHAIN MANAGEMENT REGULATIONS

In terms of section 36 of the Municipal Supply Chain Management Regulations, the Municipal Manager may dispense with the official procurement process in certain instances and ratify minor breaches.

These expenses incurred (approved by the Municipal Manager and reported to Council) are listed below:

Deviations on goods and services less than R 30 000	553 922	504 968
Deviations on goods and services between R 30 000 and R 200 000	2 961 253	1 605 252
Deviations on goods and services more than R 200 000	2 150 304	284 963
	<u>5 665 479</u>	<u>2 495 221</u>

The expenditure was incurred as listed below:

Urgent and emergency procurement	131 621	116 011
Limited bidding procurement	5 119 827	2 175 225
Minor breaches	414 031	193 985
	<u>5 665 479</u>	<u>2 485 221</u>

### 35 REMUNERATION OF AUDIT COMMITTEE MEMBERS

Remuneration	<u>79 002</u>	<u>42 865</u>
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3 Members serve on the Audit Committee. The members are paid an allowance per day and are reimbursed for travel expenses. The 3 year term of the new audit committee commenced on 1 August 2011 and ends on 31 July 2014. Four meetings were held during the current year, but the chairperson also attended council meetings.



# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<b>36 CAPITAL COMMITMENTS</b>		
<b>36.1 Commitments in respect of capital expenditure</b>		
Approved and contracted for		
Computer software	293 527	
Disaster Management	<u>3 812 578</u>	<u>2 603 864</u>
	<u>4 106 103</u>	<u>2 603 864</u>
The expenditure will be financed from		
Own resources	<u>4 106 103</u>	<u>2 603 864</u>
<b>36.2 Commitments in respect of operating expenditure</b>		
Approved and contracted for		
Communication & Community Participation		753 188
Infrastructure	1 119 328	<u>2 977 893</u>
Solid waste and environment	220 600	
Local Economic Development	873 477	390 489
Land development		318 509
Institutional development	<u>4 881 201</u>	<u>672 895</u>
	<u>6 874 607</u>	<u>5 112 882</u>
The expenditure will be financed from		
Own resources	<u>6 874 607</u>	<u>5 112 882</u>
<b>36.3 Commitments in respect of operating leases</b>		
The municipality has no finance leases. At the reporting date the municipality has outstanding commitments under operating leases which fall due as follows:		
Operating leases – lessee		
Within one year	522 717	1 005 732
In the second to fifth year inclusive		<u>55 619</u>
Total	<u>522 717</u>	<u>1 061 351</u>
Operating lease payments represent rentals payable by the municipality for copiers and faxes with Xerox and office space in Mokopane and Thebasimbi for environmental health practitioners.		
All rentals are either fixed term fixed amount contracts or contingent rentals and therefore no smoothing of leases is necessary.		
<b>37 CONTINGENT LIABILITIES</b>		
The following are legal cases pending at year end and the potential liability thereof:		
Verveer Attorneys – defend action against motor vehicle accidents	4 169 240	
Unlikely that we will pay as these damages are covered by the Road Accident Fund		
Verveer Attorneys – defend action against alleged breach of contract	1 800 000	
Alleged contract breach with LIBSA due to not meeting reporting requirement		
Verveer Attorneys – defend action against Directory Publishers for contract break	83 214	
Provider alleges printer and advertising work for municipality but municipality denies this contract ever existed		

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 38 RELATED PARTIES

Municipal Entity	Waterberg Economic Development Agency
Key Management	Refer to note 24

There are no other related party transactions or balances for the current year  
Waterberg Economic Development Agency is currently dormant

### 39 EVENTS AFTER THE REPORTING DATE

There are no material events that occurred after the reporting date

### 40 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty

Useful lives and residual values of property, plant and equipment  
Useful lives and residual values of intangible assets  
Recoverable amounts of property, plant and equipment  
Recoverable amounts of intangible assets  
Impairment of assets  
Present value of defined benefit obligations  
Provision of long-term long-service awards

### 41 RISK MANAGEMENT

The main risks of the Municipality are interest rate risk, liquidity risk, credit risk and the fair value of financial instruments.

#### 41.1 Cash flow interest rate risk

The municipality's interest rate risk arises from investments. Investments at variable rates expose the municipality to cash flow interest rate risk. Investments at fixed rates expose the municipality to fair value interest rate risk. The municipal policy is to not invest more than 35% of funds with one institution and to invest at different maturity dates over the short term to alleviate major fluctuations in the interest rates. The majority of investments are fixed rate investments.

	2013 R	Restated 2012 R
At year end, financial instruments exposed to interest rate risk were as follows:		
Current bank account	5,713,605	6,402,922
Call deposits	20,097,992	13,057,773
90 days fixed deposits	10,029,975	10,030,521
90 days fixed deposits	48,138,028	68,248,066
6 month fixed deposits	20,148,748	20,286,830
	<u>104,128,348</u>	<u>118,024,112</u>

#### 41.2 Currency risk

The Municipality does not have currency risk as in terms of section 163 of the Municipal Finance Management Act, No.56 of 2003, no municipality may incur a liability or risk payable in a foreign currency.

# WATERBERG DISTRICT MUNICIPALITY

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 41 RISK MANAGEMENT (continued)

#### 41.3 Liquidity risk (continued)

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Municipality's policy on counterparty credit exposures ensures that only counterparties of a high credit standing are used for the investments of any excess cash.

The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2013	Not later than one month	One to three months
Trade and other payables	2 123 461	197 978
Consumer deposits		
Provisions		
Unspent conditional grants & receipts		
30 June 2013	Later than three months	One to five years
Trade and other payables	670 811	4 891 264
Consumer deposits		600
Provisions	325 595	
Unspent conditional grants & receipts	1 398 060	

#### 41.4 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.

To manage the risk the Municipality has a credit control policy. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

##### Counterparties

The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. The Municipality has no significant concentration of credit risk with any single counterparty or a group of counterparties.

#### 41.5 Fair value of financial instruments

At year end the carrying amounts of cash and short-term deposits, trade and other receivables and trade and other payables approximated their fair values due to the short-term maturities of these assets and liabilities.

### 42 RESTATEMENT OF COMPARATIVE INFORMATION

There has been restatements on comparative figures as disclosed in note 32 on prior period errors.

### 43 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix A(1) to A(7). The difference between the Adjusted Budget and final budget relates to variances approved by the Municipal Manager and savings declared on completed projects.

# WATERBERG DISTRICT MUNICIPALITY

Appendix A1: Reconciliation of Table A1 Budget Summary

Description	2011/2012										2011/2012				
	Original Budget	Set-aside Adjustments (1) to (2) and 4 of the	Price adjustments	Shifting of funds (3) to (4) of the	Unvoted 2011/2012	Final Budget	Actual Outcome	Unrecovered expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported performance expenditure	Expenditure defined in terms of Section 34 of the SAO	Balance to be recovered	Remaining Audited Outcome
<b>Revenue</b>															
<b>Provincial Government</b>															
Property rates	170														
Service charges	4 102	(471)	1 610			5 241	5 241			100%	100%				613
Interest received	521 712	20 562	24 250			566 524	566 524			100%	100%				438
Other non-revenue	0					0	0			0%	0%				0
<b>Total Revenue (including current transfers and contributions)</b>	<b>591 812</b>	<b>19 091</b>	<b>25 860</b>			<b>636 763</b>	<b>636 763</b>			<b>100%</b>	<b>100%</b>				<b>101 349</b>
<b>Expenditure</b>															
Remuneration of councillors	34 112	3 081	51 670			89 863	89 863			261%	261%				44 190
Other expenditure	5 473	1 001	5 174			11 648	11 648			213%	213%				4 570
Depreciation of capital equipment	7 387	0	8 041			15 428	15 428			209%	209%				5 150
Freight charges	30 238	471	21 711			52 420	52 420			173%	173%				26 255
Interest and bank charges	21 453	7 367	24 340			53 160	53 160			248%	248%				26 255
Travel and other	131 845	15 374	148 289			295 508	295 508			224%	224%				188 111
Other expenditure	22 859	128 349	142 840			293 048	293 048			1284%	1284%				188 111
<b>Total Expenditure</b>	<b>242 859</b>	<b>142 840</b>	<b>242 840</b>			<b>628 539</b>	<b>628 539</b>			<b>103%</b>	<b>103%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>221 000</b>	<b>128 349</b>	<b>142 840</b>			<b>491 189</b>	<b>491 189</b>			<b>222%</b>	<b>222%</b>				<b>254</b>
<b>Current Expenditure</b>	<b>21 859</b>	<b>13 491</b>	<b>99 999</b>			<b>134 349</b>	<b>134 349</b>			<b>61%</b>	<b>61%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Current Expenditure</b>	<b>21 859</b>	<b>13 491</b>	<b>99 999</b>			<b>134 349</b>	<b>134 349</b>			<b>61%</b>	<b>61%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
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<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				<b>254</b>
<b>Capital Expenditure</b>	<b>200 000</b>	<b>114 858</b>	<b>142 840</b>			<b>457 698</b>	<b>457 698</b>			<b>227%</b>	<b>227%</b>				

## WATERBERG DISTRICT MUNICIPALITY

**Unsubstantiated sex abuse**

Appendix A2: Recalculation of Table A2 Bucklestar Financial Performance (revenue and expenditure by standard classification)

[illegible]

# WATERBERG DISTRICT MUNICIPALITY

## Unaudited schedule:

Appendix A3: Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/2013										2011/2012				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
(R thousands)	Original Budget	Budget Adjustments (p 10, 12 and 13) of the Votable	Final Budget	Splitting of Items (p 10, 13) of the Votable	Voted in the Council (p 10, 13) of the Votable	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure notified in terms of section 32 of MSA	Balance to be recovered	Revised Audited Outcome
<b>Revenue for Vote</b>															
Vote 1 BUDGET & TREASURY	87 850	(470)	87 380			87 380	87 830	-	467	100%	100%	-	-	-	88 804
Vote 2 MUNICIPAL MANAGER	1 300		1 300			1 300	664	-	(236)	87%	87%	-	-	-	1 416
Vote 3 CORPORATE SERVICES	200		200			200	226	-	36	113%	113%	-	-	-	226
Vote 4 PLANNING	1 000	100	1 100			1 100	366	-	266	366%	366%	-	-	-	60
Vote 5 INFRASTRUCTURE		170	1 170			1 170	1 330	-	160	114%	114%	-	-	-	
Vote 6 EXECUTIVE SUPPORT							18	-	18			-	-	-	
Vote 7 SOCIAL SERVICES							23	-	23	0%	0%	-	-	-	384
Vote 8 DISASTER								-				-	-	-	6 354
Vote 9 ENVIRONMENTAL HEALTH								-				-	-	-	679
Vote 10 ABATOR								-				-	-	-	107 925
<b>Total Revenue by Vote</b>	<b>100 350</b>	<b>(470)</b>	<b>99 880</b>			<b>99 880</b>	<b>99 880</b>		<b>766</b>	<b>101%</b>	<b>101%</b>				
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 BUDGET & TREASURY	11 113	1520	10 493			10 493	9 796	-	697	92%	92%	-	-	-	8 054
Vote 2 MUNICIPAL MANAGER	3 714	588	4 302			4 302	6 254	-	1 951	145%	145%	-	-	-	9 133
Vote 3 CORPORATE SERVICES	47 686	940	48 626			48 626	45 520	-	(3 106)	93%	93%	-	-	-	15 048
Vote 4 PLANNING	7 038	1 820	8 857			8 857	6 213	-	(2 645)	70%	70%	-	-	-	5 782
Vote 5 INFRASTRUCTURE	15 134	7 598	22 732			22 732	2 515	-	(10 217)	11%	11%	-	-	-	12 808
Vote 6 EXECUTIVE SUPPORT	2 561	280	2 841			2 841	833	-	(1 008)	29%	29%	-	-	-	16 077
Vote 7 SOCIAL SERVICES	2 608	8	2 616			2 616	25 163	-	19 547	963%	963%	-	-	-	4 270
Vote 8 DISASTER	26 068	596	26 664			26 664	15 142	-	(11 522)	57%	57%	-	-	-	21 163
Vote 9 ENVIRONMENTAL HEALTH	17 562	716	18 278			18 278	3 663	-	(14 615)	20%	20%	-	-	-	12 878
Vote 10 ABATOR	3 930		3 930			3 930	149 867	-	145 937	3813%	3813%	-	-	-	3 480
<b>Total Expenditure by Vote</b>	<b>131 885</b>	<b>11 376</b>	<b>143 261</b>			<b>143 261</b>	<b>143 261</b>		<b>(43 381)</b>	<b>108%</b>	<b>108%</b>				
<b>Surplus/(Deficit) for the year</b>	<b>(22 035)</b>	<b>(20 343)</b>	<b>(42 378)</b>			<b>(42 378)</b>	<b>(42 378)</b>		<b>(42 378)</b>	<b>42%</b>	<b>42%</b>				<b>(300)</b>

## WATERBERG DISTRICT MUNICIPALITY

Appendix A4: Historic Ratio of Table A6 Budgeted Financial Performance (revenue ■ expenditure)

9

Not verified as budgeted

Appendix A5: Reconciliation of Table A5 Budgeted Capital Expenditures by vote, standard classification and funding

Vote description	2011/2012									
	Capital Budget	Budgeted Appropriations (1.0 add art 5.1 of the MPMA)	Fund adjustments budget	Final Budget	Unbudgeted expenditures	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Disposed Budget	Reported unexpended individuals	Expenditure authorized in terms of section 37 of the MAA
<b>Capital expenditures - vote</b>										
<b>Multi-year expenditure</b>										
Vote 1 BUDGET & FINANCIAL	300	150	150	300			0%	0%		
Vote 2 MUNICIPAL SERVICES										
Vote 3 MUNICIPAL SERVICES										
Vote 4 PLANNING										
Vote 5 POLICE DEPARTMENT										
Vote 6 SOCIAL SERVICES										
Vote 7 FIRE DEPARTMENT										
Vote 8 EMERGENCY & HEALTH										
Vote 10 ADMINISTRATION										
<b>Capital multi-year expenditure sub-total</b>	300	150	150	300			0%	0%		
<b>One-time expenditures</b>										
Vote 1 BUDGET & FINANCIAL										
Vote 2 MUNICIPAL SERVICES	345	180	165	345			0%	0%		
Vote 3 MUNICIPAL SERVICES										
Vote 4 PLANNING										
Vote 5 POLICE DEPARTMENT										
Vote 6 SOCIAL SERVICES										
Vote 7 FIRE DEPARTMENT	420	380	40	780			7%	4%		
Vote 8 EMERGENCY & HEALTH	2515	1515	1000	2730			81%	240%		
Vote 9 ENVIRONMENTAL HEALTH										
Vote 10 ADMINISTRATION	1,462	1,462	14,900	17,824			42%	4%		
<b>Capital one-time expenditure sub-total</b>	2,237	2,037	15,445	19,719			41%	4%		
<b>Total Capital Expenditure - vote</b>	5,537	3,587	16,595	26,138						
<b>Capital Expenditure - Standard</b>										
Government and infrastructure										
Executive and council										
Budget and treasury office										
Corporate services										
Community and public safety										
Community and social services										
Birth and nutrition										
Public safety										
Health										
Recreation and entertainment services										
Planning and development										
Road services										
Environmental protection										
Training services										
Other										
<b>Total Capital Expenditure - Standard</b>	1,412	1,412	20,700	22,112						
<b>Excluded by:</b>										
National Government										
Provincial Government										
District Municipality										
Other transfer and grants										
Transfer from other capital										
Public contributions & donations										
Borrowing										
Internally generated funds										
<b>Total Capital Expenditure</b>	6,949	4,999	20,795	27,930						



# WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule:  
Appendix A6. Reconciliation of Table A6 Budgeted Financial Position

Description	2012/2013					Unaudited reconciliation	Variance	2011/2012			
	Original Budget	Budget Adjustments of 2012/2013 to 2011/2012	Fund allocations budget	Setting of funds to 2012/2013 to 2011/2012	Amount of 2012/2013 approved to 2011/2012			Actual Outcomes as % of Fund Budget	Actual Outcomes as % of Original Budget	Reported unauthorised expenditure to 2011/2012	Revised Balance to be recovered
	1	2	3	4	5	6	7	8	9	10	11
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash	5,003		4,500		4,500			5,003	57.9%		87,716
Call investment deposits	53,711	10,900	64		64			103,664	34%		20,261
Contractor deposit	24		144		24			24	4%		
Other deposits	6,349	447	3,480		1,666			1,003	15.5%		8,668
Short term portion of receivables									1.4%		
Inventory	0		82		70			24	1.2%		100
<b>Total current assets</b>	<b>62,077</b>	<b>10,447</b>	<b>73,520</b>		<b>73,520</b>			<b>58,779</b>	<b>77%</b>		<b>184,684</b>
<b>Non-current Assets</b>											
Long term receivables	7		7		7			23	1.1%		20
Investment Properties											
Investment in Associates											
Property (land and equipment)	24,847	4,904	66,75		89,75			113,650	60%		37,481
Agriculture											
Biological assets	2,921	21,257	144		144			796	2.7%		2,816
Intangible assets	27	48	75		75			43	35%		14
Non-current assets less for sale	87,777	2,684	70,473		79,473			113,126	82%		80,277
<b>Total non-current assets</b>	<b>126,348</b>	<b>23,183</b>	<b>143,682</b>		<b>143,682</b>			<b>24,389</b>	<b>19%</b>		<b>189,221</b>
<b>TOTAL ASSETS</b>											
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Banks overdraft											
Leasing											
Consumer deposits	7										
Trade and other payables	9,211	161	8,217		2,272			1,201	8%		
Provisions	15	127	555		51			4%	101%		9,165
<b>Total current liabilities</b>	<b>11,024</b>	<b>1,344</b>	<b>8,789</b>		<b>2,799</b>			<b>1,243</b>	<b>100%</b>		<b>16,274</b>
<b>Non-current Liabilities</b>											
Leasing											
Provisions	14,314		14,314		14,314			14,314	91%		12,812
<b>Total non-current liabilities</b>	<b>14,314</b>	<b></b>	<b>14,314</b>		<b>14,314</b>			<b>14,314</b>	<b>91%</b>		<b>12,812</b>
<b>TOTAL LIABILITIES</b>	<b>25,338</b>	<b>1,344</b>	<b>23,103</b>		<b>24,283</b>			<b>1,340</b>	<b>100%</b>		<b>29,086</b>
<b>NET ASSETS</b>	<b>106,600</b>	<b>14,479</b>	<b>116,479</b>		<b>119,479</b>			<b>23,811</b>	<b>13%</b>		<b>155,608</b>
<b>COMMUNITY WEALTH EQUITY</b>											
Accumulated Surplus (Deficit)	106,600	14,479	116,479		119,479			23,811	13%		155,608
<b>TOTAL COMMUNITY WEALTH EQUITY</b>	<b>106,600</b>	<b>14,479</b>	<b>116,479</b>		<b>119,479</b>			<b>23,811</b>	<b>13%</b>		<b>155,608</b>

# WATERBERG DISTRICT MUNICIPALITY

Unaudited schedule

Appendix A7: Reconciliation of Table A7 Budgeted Cash Flows

Description	2011/2012									
	Original Budget	Budget Adjustments	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget			2011/2012 Audited Outcome
	1	2	3	4	5	6	7	8	9	10
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Receipts	187 582	(1 247)	186 335	187 373	(1 338)	100%	89%			184 948
Employees and other	1 560	5 225	3 665	1 913	1 757	52%	123%			633
Government consulting	162 752	(8 502)	154 250	94 170	(60)	60%	92%			96 677
Government capital										
Interest	6 310	14 700	5 890	6 289	448	108%	100%			7 436
Dividends										
Payments	(128 888)	(11 400)	(140 288)	(108 288)	24 248	80%	89%			(102 128)
Suppliers and employees	(90 737)	(3 331)	(94 068)	(83 461)	7 387	87%	92%			(75 708)
Finance charges										
Transfers and Grants	(30 230)	(11 473)	(41 703)	(24 853)	16 858	60%	82%			(25 420)
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>	(41 306)	(15 233)	(56 539)	(20 915)	22 882	20%	43%			2 820
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Receipts				471	471					(2 277)
Proceeds on disposal of PPE				280	280					7
Decreases (increases) in non-current debtors				13	13					
Decreases (increases) in non-current receivables										(53)
Decreases (increases) in non-current investments				130	130					(2 202)
Payments	(6 872)	(13 387)	(20 259)	(8 350)	11 858	41%	123%			(11 775)
Capital assets	(5 912)	(17 377)	(23 289)	(8 350)	1 058	41%	123%			(11 775)
<b>NET CASH FROM/USED IN INVESTING ACTIVITIES</b>	(6 872)	(13 387)	(20 259)	(7 879)	12 288	28%	19%			(13 963)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Receipts										
Short term loans										
Borrowing long term financing										
Increase (decrease) in consumer deposits										
Payments										
Repayment of borrowing										
<b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>										
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	(70 278)	(28 620)	(98 897)	(13 784)	35 152	20%	84%			(11 172)
Cash/cash equivalents at the year begin	78 457	28 529	106 986	97 799	(20 287)	83%	125%			(08 812)
Cash/cash equivalents at the year end	58 179	13 909	65 119	83 995	14 866	27%	144%			(07 759)

# WATERBERG DISTRICT MUNICIPALITY

## UNAUDITED SCHEDULE APPENDIX B SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 2012/06/30	Received during the period	Redeemed written off during the period	Balance at 2013/06/30	Carrying Value of Property Plant & Equip	Other Costs In accordance with the MFMA
None								
TOTAL EXTERNAL LOANS			-	-			-	-

## UNAUDITED SCHEDULE

## APPENDIX C

## ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

## WATERBERG DISTRICT MUNICIPALITY

Description	Original cost	Accumulated depreciation	Net book value	Estimated residual value	Estimated depreciation	Original cost	Accumulated depreciation	Net book value	Estimated residual value	Estimated depreciation	Carrying value
Land and Buildings											
Land	525 000		525 000					525 000			525 000
Land Developed	437 500		437 500					437 500			437 500
Land Undeveloped											
Buildings											
Abattoir	6 344 804		6 344 804					6 344 804			6 344 804
Carpentry & Fineshes	7 882 385		7 882 385					7 882 385			7 882 385
Carpentry	223 832		223 832					223 832			223 832
Detention Centres	9 116 741		9 116 741					9 116 741			9 116 741
Electrical	1 836 876		1 836 876					1 836 876			1 836 876
Fire Protection	582 865		582 865					582 865			582 865
Footpath & Paving	2 000 245		2 000 245					2 000 245			2 000 245
Office Buildings	4 000 288		4 000 288					4 000 288			4 000 288
Painting	365 730		365 730					365 730			365 730
Perimeter Protection	485 381		485 381					485 381			485 381
Plumbing	1 920 222		1 920 222					1 920 222			1 920 222
Security Systems & Electronics	673 205		673 205					673 205			673 205
Workshops & Depots	137 421		137 421					137 421			137 421
	37 809 474		37 809 474					37 809 474			37 809 474
Other Assets											
Computer Equipment											
Computer Hardware	3 787 544		3 787 544					3 787 544			3 787 544
Computer Networks	185 62		185 62					185 62			185 62
Emergency Equipment											
Emergency Rescue Equipment	86 606		86 606					86 606			86 606
Emergency Lights											
Fire Fighting Equipment	2 460 117		2 460 117					2 460 117			2 460 117
Pumps/Pumping/Purification	57 582		57 582					57 582			57 582
Sanitation equipment	36 529		36 529					36 529			36 529
Radio Equipment											
Furniture and Fittings											
Advertising Boards	15 287		15 287					15 287			15 287
Cabinets and Cupboards	876 435		876 435					876 435			876 435
Chairs and Couches	1 041 552		1 041 552					1 041 552			1 041 552
Desks and Tables	842 427		842 427					842 427			842 427

## UNAUDITED SCHEDULE

## APPENDIX C

## ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2013

## WATERBERG DISTRICT MUNICIPALITY

Description	Open to Date		Additions		Disposals		Closing Balance		A		B		C		D		E		F		G		H		I		J		K		L		M		N		O		P		Q		R		S		T		U		V		W		X		Y		Z		AA		AB		AC		AD		AE		AF		AG		AH		AI		AJ		AK		AL		AM		AN		AO		AP		AQ		AR		AS		AT		AU		AV		AW		AX		AY		AZ		BA		BB		BC		BD		BE		BF		BG		BH		BI		BJ		BK		BL		BM		BN		BO		BP		BQ		BR		BS		BT		BU		BV		BW		BX		BY		BZ		CA		CB		CC		CD		CE		CF		CG		CH		CI		CJ		CK		CL		CM		CN		CO		CP		CQ		CR		CS		CT		CU		CV		CW		CX		CY		CZ		DA		DB		DC		DD		DE		DF		DG		DH		DI		DJ		DK		DL		DM		DN		DO		DP		DQ		DR		DS		DT		DU		DV		DW		DX		DY		DZ		EA		EB		EC		ED		EE		EF		EG		EH		EI		EJ		EK		EL		EM		EN		EO		EP		EQ		ER		ES		ET		EU		EV		EW		EX		EY		EZ		FA		FB		FC		FD		FE		FF		FG		FH		FI		FJ		FK		FL		FM		FN		FO		FP		FQ		FR		FS		FT		FU		FV		FW		FX		FY		FZ		GA		GB		GC		GD		GE		GF		GG		GH		GI		GJ		GK		GL		GM		GN		GO		GP		GQ		GR		GS		GT		GU		GV		GW		GX		GY		GZ		HA		HB		HC		HD		HE		HF		HG		HH		HI		HJ		HK		HL		HM		HN		HO		HP		HQ		HR		HS		HT		HU		HV		HW		HX		HY		HZ		IA		IB		IC		ID		IE		IF		IG		IH		II		IJ		IK		IL		IM		IN		IO		IP		IQ		IR		IS		IT		IU		IV		IW		IX		IY		IZ		JA		JB		JC		JD		JE		JF		JG		JH		JI		JJ		JK		JL		JM		JN		JO		JP		JQ		JR		JS		JT		JU		JV		JW		JX		JY		JZ		KA		KB		KC		KD		KE		KF		KG		KH		KI		KJ		KL		KM		KN		KO		KP		KQ		KR		KS		KT		KU		KV		KW		KX		KY		KZ		LA		LB		LC		LD		LE		LF		LG		LH		LI		LJ		LK		LM		LN		LO		LP		LQ		LR		LS		LT		LU		LV		LW		LX		LY		LZ		MA		MB		MC		MD		ME		MF		MG		MH		MI		MJ		MK		ML		MM		MN		MO		MP		MQ		MR		MS		MT		MU		MV		MW		MX		MY		MZ		NA		NB		NC		ND		NE		NF		NG		NH		NI		NJ		NK		NL		NM		NN		NO		NP		NQ		NR		NS		NT		NU		NV		NW		NX		NY		NZ		OA		OB		OC		OD		OE		OF		OG		OH		OI		OJ		OK		OL		OM		ON		OO		OP		OQ		OR		OS		OT		OU		OV		OW		OX		OY		OZ		PA		PB		PC		PD		PE		PF		PG		PH		PI		PJ		PK		PL		PM		PN		PO		PP		PQ		PR		PS		PT		PU		PV		PW		PX		PY		PZ		QA		QB		QC		QD		QE		QF		QG		QH		QI		QJ		QK		QL		QM		QN		QO		QP		QQ		QR		QS		QT		QU		QV		QW		QX		QY		QZ		RA		RB		RC		RD		RE		RF		RG		RH		RI		RJ		RK		RL		RM		RN		RO		RP		RQ		RR		RS		RT		RU		RV		RW		RX		RY		RZ		SA		SB		SC		SD		SE		SF		SG		SH		SI		SJ		SK		SL		SM		SN		SO		SP		SQ		SR		SS		ST		SU		SV		SW		SX		SY		SZ		TA		TB		TC		TD		TE		TF		TG		TH		TI		TJ		TK		TL		TM		TN		TO		TP		TQ		TR		TS		TT		TU		TV		TW		TX		TY		TZ		UA		UB		UC		UD		UE		UF		UG		UH		UI		UJ		UK		UL		UM		UN		UO		UP		UQ		UR		US		UT		UU		UV		UW		UX		UY		UZ		VA		VB		VC		VD		VE		VF		VG		VH		VI		VJ		VK		VL		VM		VN		VO		VP		VQ		VR		VS		VT		VU		VV		VW		VX		VY		VZ		WA		WB		WC		WD		WE		WF		WG		WH		WI		WJ		WK		WL		WM		WN		WO		WP		WQ		WR		WS		WT		WU		WV		WW		WX		WY		WZ		XA		XB		XC		XD		XE		XF		XG		XH		XI		XJ		XK		XL		XM		XN		XO		XP		XQ		XR		XS		XT		XU		XV		XW		XX		XY		XZ		YA		YB		YC		YD		YE		YF		YG		YH		YI		YJ		YK		YL		YM		YN		YO		YP		YQ		YR		YS		YT		YU		YV		YW		YX		YY		YZ		ZA		ZB		ZC		ZD		ZE		ZF		ZG		ZH		ZI		ZJ		ZK		ZL		ZM		ZN		ZO		ZP		ZQ		ZR		ZS		ZT		ZU		ZV		ZW		ZX		ZY		ZZ	
		R	M	R	M	R	M	R	M	R	N	M	R	M	R	N	M	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N	R	N																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	

**WATERBERG DISTRICT MUNICIPALITY**

## UNAUDITED SCHEDULE

## APPENDIX D

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Department	Cost / Revaluation					Accumulated Depreciation / Impairment					Carrying Value	
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals		Closing Balance
Budget & Treasury Office	574,633	6,987	-	(66,670)	(26,654)	490,296	336,007	62,551	(15,922)	(20,686)	351,770	139,526
Municipal Manager's Office	307,191	23,684	-	(92,726)	-	238,150	199,096	17,983	(45,464)	-	171,614	65,668
Corporate Support & Shared Services	13,621,626	1,568,293	-	1,950,633	(565,788)	16,574,667	3,491,328	2,510,418	600,960	(444,788)	6,157,941	10,417,026
Planning & Economic Development	265,603	-	-	(89,177)	-	176,426	156,741	16,253	(44,336)	-	130,658	45,768
Infrastructure Development	214,698	-	-	(22,066)	-	192,632	140,659	24,169	(6,901)	-	155,927	36,605
Executive Mayor's Office	3,762,285	22,724	-	(1,470,388)	(993,313)	1,341,309	1,375,685	137,904	(169,089)	(350,317)	994,193	347,116
Social Development & Community Services	214,120	17,869	-	(15,494)	(11,368)	205,128	139,768	25,475	(5,714)	(7,605)	161,644	53,263
Fire Fighting	47,298,072	6,243,117	-	(134,946)	(123,305)	53,282,938	9,979,851	5,639,371	(69,187)	(72,208)	16,477,826	37,605,112
Environmental Health	408,405	-	-	39,145	(23,244)	424,306	283,358	60,931	17,704	(18,383)	343,609	60,690
Affair	7,412,200	453,876	-	(98,312)	(31,745)	7,736,018	502,417	421,358	(260,032)	(31,736)	632,018	7,104,000
Total	74,096,234	8,336,580	-	-0.00	(1,775,414)	80,662,379	16,606,919	8,906,423	-	(946,963)	24,668,379	66,092,691

# WATERBERG DISTRICT MUNICIPALITY

## UNAUDITED SCHEDULE

### APPENDIX E

#### SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

Restated 2012 Actual Income R	Restated 2012 Actual Expenditure R	2012 Surplus/ (Deficit) R	Budget & Treasury Municipal Manager Corporate Support & Shared Services Planning and Economic Development Infrastructure Development Executive Support Office Social Development & Community Services Disaster Management Environmental Health Abolition	2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
85 803 828	8 054 530	88 749 098		97 829 784	9 745 990	88 083 794
1 418 295	9 132 950	(7 716 655)		1 064 436	8 283 825	(7 229 389)
228 194	15 048 151	(14 819 957)		237 728	15 525 383	(15 287 655)
59 888	5 781 803	(5 721 715)		387 548	5 211 375	(5 843 827)
-	12 606 499	(12 606 499)		1 329 839	11 915 438	(10 585 599)
-	16 078 523	(16 078 523)		17 583	21 578 058	(21 558 473)
-	4 269 556	(4 269 556)		-	1 833 464	(1 833 464)
384 220	21 165 187	(20 780 967)		22 817	25 183 400	(25 160 583)
8 354 000	12 679 271	(4 325 271)		-	15 742 401	(15 742 401)
679 145	3 490 289	(2 820 144)		782 241	3 839 534	(3 047 293)
<b>107 925 368</b>	<b>108 315 659</b>	<b>( 390 191)</b>	<b>TOTAL</b>	<b>101 581 976</b>	<b>118 866 876</b>	<b>(16 204 900)</b>

## UNAUDITED SCHEDULE

## APPENDIX F(1)

## ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2013

REVENUE	2013 Actual R	2013 Budget R	2013 Variance R	2013 Variance %	Explanation of Significant Variances, smaller than 10% versus Budget
Allowance service charges	718 662	719 000	( 338)	-0%	
Interest earned - external investments	8 178 845	9 830 000	345 845	6%	Investment returns were at higher rate than projected due to improvement in rates by different banks to remain competitive
Interest earned - outstanding debtors	112 122	10 000	102 122	1021%	Received interest on late VAT refunds from SARS which was not budgeted for
Government grants and subsidies	83 442 384	84 250 000	( 807 616)	-1%	
Other income	1 118 026	72 800	1 045 226	1430%	Includes a recovery from Roads Agency Limpopo for previous project completed on behalf of the municipality which was not budgeted
Gain on disposal of property, plant and equipment	22 540	-	22 540	100%	Gain on disposals of property, plant and equipment was not budgeted for. The proceeds relate to insurance claims on assets
Reversal on provision for bad debt	73 027	-	73 027	100%	A settlement was reached with a long outstanding debtor which was not budgeted
<b>Total Revenue</b>	<b>101 881 978</b>	<b>100 897 969</b>	<b>784 028</b>		
<b>EXPENDITURE</b>					
Employee related costs	(49 138 594)	(51 907 244)	2 467 850	-5%	
Remuneration of Councilors	(5 472 702)	(5 478 982)	7 280	0%	
Post-retirement health care expenditure	(1 418 505)	(1 572 523)	154 018	-10%	The effect of implementation of SAS 19 Employee Benefits defined benefit valuations were budgeted based on the prior year forecast but actual discount rates were different
Long-service award expenditure	( 311 589)	( 304 440)	12 845	-4%	
Bad debt	-	( 16 000)	16 000	-100%	Provision for bad debts was overbudgeted as no new disputes occurred
General expenses	(16 540 441)	(18 783 640)	2 723 199	-15%	Mainly due to underestimating on audit fees, because of improved audit, reduced Subsistence & Travel costs due to austerity measures implemented and reduced insurance fees due to new tender award
Repairs & Maintenance	( 858 978)	(1 184 394)	324 415	-27%	Decreased spending on repairs and maintenance for office equipment due to replacement of damaged assets and reduced maintenance on new municipal vehicle due to increased suitability to district roads
Fire Fighting	(12 758 919)	(13 556 358)	795 421	-6%	
Project expenditure	(24 213 318)	(41 710 918)	17 497 607	-42%	Under spending on projects for the majority due to late appointments and re-appointments on the tender process
Depreciation and amortisation	(7 364 681)	(8 430 000)	1 065 319	-13%	Assets were procuring later during the year than what was anticipated which led to a reduced depreciation period
Impairment of assets	(1 797 273)	( 17 000)	(1 740 273)	100%	Impairment relates to a fire fighting vehicle which was involved in an accident and subsequently impaired. This event could not have been anticipated
Loss on disposal of Property, Plant and Equipment	( 627 862)	1 825 000	97 138	-16%	Loss on disposal was slightly overbudgeted due to the fact that some of the write offs were offset against insurance claims which could not have been realistically anticipated at the time of the budget compilation
<b>Total Expenditure</b>	<b>(118 658 876)</b>	<b>(143 281 473)</b>	<b>23 414 599</b>		
<b>NET SURPLUS FOR THIS YEAR</b>	<b>(16 776 898)</b>	<b>(42 383 503)</b>	<b>25 606 605</b>		



# WATERBERG DISTRICT MUNICIPALITY

## UNAUDITED SCHEDULE

### APPENDIX F (2)

#### ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013

	2013 Actual	2013 Under Construction	2013 Total Additions	2013 Budget	2013 Variance	2013 Variance	Explanation of Significant Variances greater than 10% versus Budget
	R	R	R	R	R	%	
Land and Buildings							
Land	-	-	-	-	-	100%	
Buildings & Facilities	642 969	-	642 969	1 002 257	( 359 288)	-36%	Some components of CCTV camera roll-out was expensed rather than capitalised
Other Assets							
Computer Equipment	570 077	-	570 077	1 061 429	(1 081 352)	-68%	IT equipment to assist local municipalities still has to be procured, delays in tender processes of district wide VOIP project
Emergency Equipment	777 557	-	777 557	1 345 846	( 568 289)	-42%	Poor performance of service providers which led to projects being cancelled and re-advertised
Furniture and Fixings	27 742	-	27 742	381 372	( 353 630)	-93%	Some funding has been rolled over to assist with planned movable asset procurements
Office Equipment	172 131	-	172 131	700 000	( 527 869)	-75%	Installation of new lift at WDM Head Office was postponed to 13/14 year due to budget constraints
Plant and Equipment	769 806	-	769 806	844 805	( 75 999)	-9%	Procurement at lower cost than projected
Motor vehicles	1 358 506	-	1 358 506	2 515 184	(1 156 678)	-46%	2 pool vehicles and a 23 seater bus was postponed to the 13/14 budget year due to the consideration of a new project for full maintenance leases
Specialised vehicles	4 019 959	-	4 019 959	9 982 019	(5 962 060)	-60%	Budget on high rise fire engine was insufficient, scope had to be adjusted which led to delays in procurement. 4 projects are multi-year projects which are not yet complete
<b>TOTAL</b>	<b>8 338 550</b>	<b>-</b>	<b>8 338 550</b>	<b>18 432 812</b>	<b>(10 094 262)</b>		